



Howard County Retirement Plan



Retirement Readiness Seminar

June 9, 2016

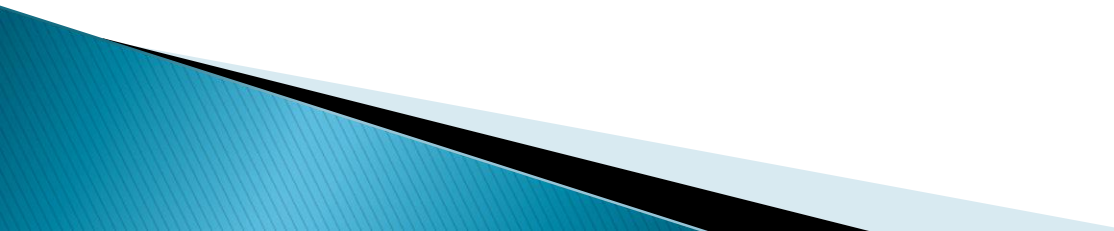
Presented by:

Terry Reider

Scott Southern

DISCLAIMER

This presentation is intended as an overview of the retirement benefits provided for you by Howard County, and every effort has been made to ensure its accuracy. The County reserves the right to make future plan amendments. These materials are not a substitute for the official legal terms of the Retirement Plan specified in the Howard County Code. In the event of a discrepancy between this information and the County Code, the County Code will govern.



PLAN HISTORY



- The Howard County Retirement Plan was established in 1995.
- Employees in 1995 could stay in the MD State Retirement System or join the HCRP.
- The plan now covers approximately:
 - 1,730 County Employees, plus
 - 670 Retirees/Beneficiaries receiving a monthly check, plus
 - 190 terminated vested members
- Plan assets held in Trust to pay benefits: approx. \$350 million

PLAN FUNDING

Employee Contributions + Employer Contributions



- **3.0% of base pay**
- **8.5% for Corrections employees**



- **Actuarially determined**
- **12.4% of pay (FY 17)**

Key Definitions

Creditable Service* (HOW MUCH?)

- Determines amount of your benefits



Eligibility Service* (HOW SOON?)

- Determines Vesting
- Eligibility for normal or early retirement
- Qualification for retiree health insurance



Final Average Pay

- Highest 36 months
- Excludes bonuses & overtime
- No reduction for furlough

* Service is measured in years and complete calendar months

Eligibility for Retirement Benefits

Normal Retirement



You qualify for **Normal Retirement Benefits** on the first day of the month on or after:

- ✓ 30 Years of Eligibility Service
(20 Years for Corrections)

OR

- ✓ Age 62 with at least 5 years of service, if earlier.

Eligibility for Retirement Benefits

Early Retirement

You qualify for **Early Retirement Benefits** on the first day of the month on or after:

- ✓ 25 Years of Eligibility Service
- OR
- ✓ Age 55 with at least 15 years of service, if earlier.



Benefit Formula



•**The Multiplier is:**

- **For Corrections: 2.5% up to 20 years then 1% until 30 years**
- **For Local 3085 members: 1.66% for all years;**
- **For all other employees:**
1.55% for service before 7/1/2012, and
1.66% for service after 7/1/2012

For Early Retirement, the benefit is reduced by 0.5% for each month that early retirement date precedes normal retirement date.

Normal Retirement Benefit

Example (non-union)

**Final Average Pay = \$49,000 (annual)
\$ 4,083 (monthly)**

Age at Retirement = 62 Retirement Date = 7/1/2016

Creditable Service at Retirement = 25 years

Retirement Benefit Formula =

$$\begin{aligned} & \$4,083 \times 21 \text{ years} \times 1.55\% \\ & + \$4,083 \times 4 \text{ years} \times 1.66\% = \$1,600/\text{month} \end{aligned}$$

Note: These are gross amounts, before tax withholding.



Early Retirement Benefit

Example (non-union)

Final Average Pay = \$49,000 (annual)
\$ 4,083 (monthly)

Creditable Service at Retirement = 25 years

Retirement Date = 7/1/2016

Age at Retirement = 60 (24 months early)

Early Retirement Reduction: $24 \times .5\% = 12\%$

Early Retirement Benefit Formula =

$$\begin{aligned} & \$4,083 \times 21 \text{ years} \times 1.55\% \\ + & \$4,083 \times 4 \text{ years} \times 1.66\% = \$1,600.00/\text{month} \\ & \quad \quad \quad \times \underline{88\%} \\ & \quad \quad \quad \$1,408.00/\text{month} \end{aligned}$$

Note: These are gross amounts, before tax withholding.

Additional Service Credit

- **Unused Sick Leave at Retirement**
 - ▣ **Counts for Creditable Service Only**
 - ▣ **22 Sick Days = 1 month of sick leave**
 - ▣ **1.66% multiplier used**

- **Pre-Employment Military Service**
 - ▣ **Counts for both Eligibility and Creditable Service**
 - ▣ **Must have 10 years of service**
 - ▣ **Plan recognizes up to 4 years of active duty service**





HOWARD COUNTY RETIREMENT PLAN

SAMPLE STATEMENT

Statement of Your Estimated Retirement Benefits as of July 1, XXXX

Participant Name: Jane Doe
Social Security #: XXX-XX-XXXX
Date of Birth: XX/XX/XX
Enrollment Date: XX/XX/XX
Rate of Pay on July 1: \$XX,XXX.00

Service as of July 1	Creditable	Eligibility
•Membership	xx Yrs/xx Mos	xx Yrs/xx Mos
•Military	xx Yrs/xx Mos	xx Yrs/xx Mos
•Purchased/Transferred	<u>xx Yrs/xx Mos</u>	<u>xx Yrs/xx Mos</u>
Total	<u>xx Yrs/xx Mos</u>	<u>xx Yrs/xx Mos</u>

Projected Benefits as of July 1, XXXX	
•Normal Retirement Date	xx/xx/xxxx
•Estimated Monthly Benefit 1	\$xxxx.xx
•Estimated Monthly Benefit 2	\$xxxx.xx

Your Contributions

During the past year

•Contribution	\$xx.xx
•Transfers	xx.xx
•Interest	xx.xx
Total	\$XXX.XX

Cumulative

Pre-tax contributions	\$xx.xx
After-tax contributions	xx.xx
Transfers	xx.xx
Interest	<u>xx.xx</u>
Total	\$XXX.XX

SAMPLE STATEMENT
(reverse side)

Disability Benefits

Ordinary Disability Benefit	\$XX.XX
Line of Duty Disability Benefit	\$XX.XX

Death Benefit

\$XX.XX

Beneficiaries

<u>Type</u>	<u>Name</u>	<u>Relationship</u>	<u>% of Benefit</u>
Primary			
Secondary			

At Retirement Benefit Payment Options

You will elect your form of payment from the choices below:

1. Life Only Annuity (Basic Option)
2. 50% Joint and Survivor*
3. 100% Joint and Survivor*
4. 50% Pop Up*
5. 100% Pop Up*
6. Guaranteed Return of Accrued Benefit
7. Guaranteed Return of Employee Contributions

** For married retirees only*

At Retirement

Examples of Optional Forms

Life Only Annuity- \$1,600

payable for your lifetime and stops upon your death

50% Joint and Survivor- \$1,480

payable for your lifetime with 50% (\$740) payable to spouse after your death

100% Joint and Survivor- \$1,370

payable for your lifetime with 100% (\$1,370) payable to spouse after your death

Amounts are illustrative only and assume that retiree and spouse are the same age; actual amounts are actuarially determined at retirement based on the exact age of you and your spouse.

At Retirement

Examples of Optional Forms

(continued)

50% Pop Up - \$1,450

payable for your lifetime with 50% (\$725) payable to spouse after your death. Your benefit pops up to \$1600 if spouse dies or if you divorce.

100% Pop Up - \$1,335

payable for your lifetime with 100% (\$1,335) payable to spouse after your death. Your benefit pops up to \$1,600 if spouse dies or if you divorce.

Return of Accrued Benefit Option - \$1,425

payable for your lifetime with a guarantee of \$239,000 total payments. Any remainder is paid to beneficiary.

Amounts are illustrative only and assume that retiree and spouse are the same age; actual amounts are actuarially determined at retirement based on the exact age of you and your spouse.

The Retirement Process

- **Notify your supervisor at least 2 weeks in advance.**
- **Make an appointment with the retirement team 4 to 6 weeks before the date of retirement to complete required paperwork:**
 - ✓ **Option Election form***
 - ✓ **Direct deposit**
 - ✓ **Tax withholding**
 - ✓ **Health insurance election**

** Option cannot be changed once payments commence.*

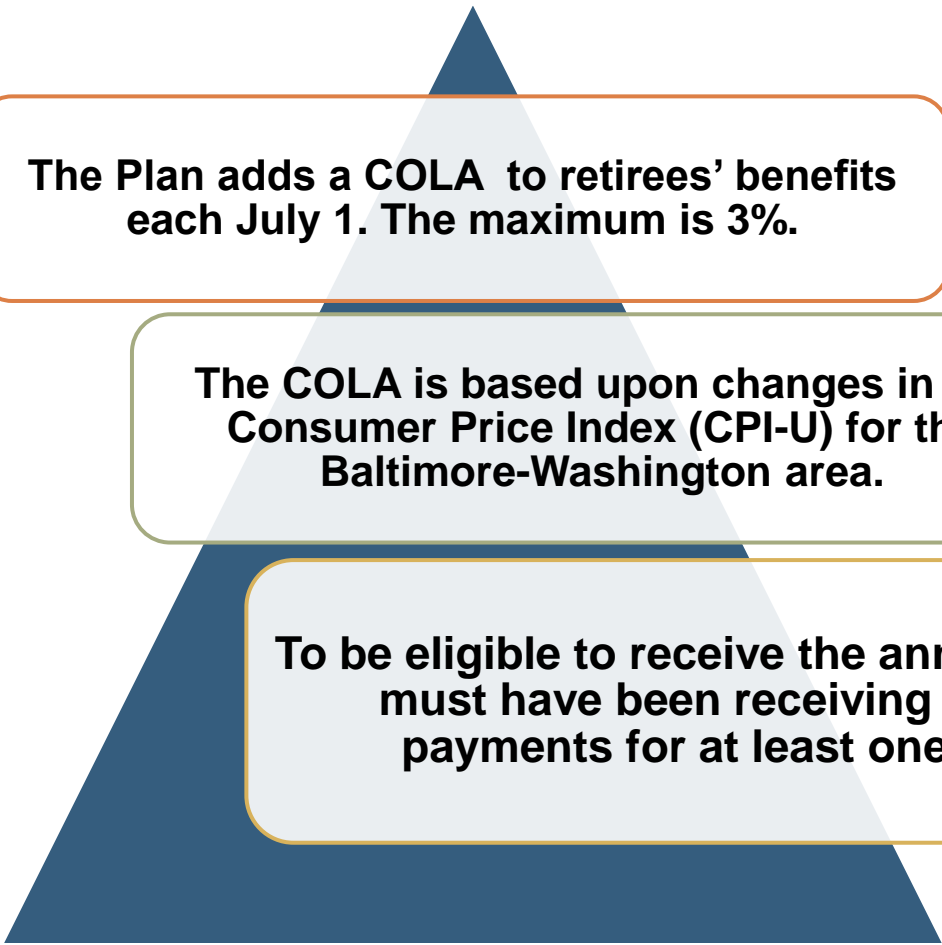


Payments

- Pension checks are paid on the first business day of the month.
- Annual leave and comp time are paid out on the final regular paycheck.
- Personal time is not paid out.
- Final County paycheck is a paper check mailed to your home address.



COST OF LIVING ADJUSTMENT (COLA)



The Plan adds a COLA to retirees' benefits each July 1. The maximum is 3%.

The COLA is based upon changes in the Consumer Price Index (CPI-U) for the Baltimore-Washington area.

To be eligible to receive the annual COLA, you must have been receiving retirement payments for at least one full year.



RETIREE HEALTH INSURANCE

RETIREE HEALTH INSURANCE

ELIGIBILITY REQUIREMENTS:

- **Must be enrolled in County's health insurance as an active employee at time of retirement.**
- **Must have 15 years of full time benefitted service with Howard County.**
- **For employees hired between July 1, 1999 and June 30, 2009 who were 50 or older at hire, the service requirement is 10 years.**



RETIREE HEALTH INSURANCE

(CONTINUED)

MEDICAL PLANS:(includes vision, prescription)

- For pre-Medicare retirees (same as for employees)
 - Aetna: PPO or Open Access Select
 - Kaiser Permanente HMO
- For Medicare-eligible retirees
 - Aetna Medicare Advantage (2 choices)
 - Kaiser Permanente Medicare Plus



MUST BE ENROLLED IN MEDICARE PART A AND PART B

DENTAL PLANS:

- Delta Dental
- DentaQuest

RETIREE HEALTH INSURANCE

(CONTINUED)

- **County pays % of individual medical premium based on years of service at retirement:**

Eligibility Service

at Retirement

County Pays

less than 20

50%

20-24

75%

25+

90%

- **Deductions taken from retirement check.**
- **One time opt-out permitted.**
- **Dental insurance, spousal insurance available (extra cost)**



**For participants that had 25 years of service as of 7/1/2009 and retire with 30 or more years of county service the county pays 100%*

RETIREE HEALTH INSURANCE

SAMPLE MONTHLY RATES FOR 2016

Retiree / spouse under age 65		YEARS AT RETIREMENT		
	Full Premium	<u>Under 20</u> 50%	<u>20-25</u> 75%	<u>25+</u> 90%
<u>Aetna Select Open Access:</u>				
Retiree only	\$536.71	\$268.35	\$134.18	\$53.67
Retiree + Child(ren)	\$1,003.65	\$735.29	\$601.12	\$466.94
Retiree + spouse	\$1,234.43	\$815.50	\$681.33	\$600.82
Family	\$1,588.67	\$1,169.74	\$1,035.57	\$955.06

	Retiree only	Retiree + spouse	Family
Delta Dental	\$29.85	\$70.17	\$87.92
DentaQuest	\$9.75	\$18.25	\$25.33

Additional Information and Resources



HOWARD COUNTY
MARYLAND

Allan H. Kittleman, County Executive

[I Want To](#)

[Services](#)

[Departments](#)

[News](#)

[Home](#) > [Departments](#) > [County Administration](#) > [Human Resources](#) > [Retirement](#) > [Retirement Plan Summaries](#)

County Administration

Howard County Office of Human Resources

Mailing Address

3430 Court House Drive
Ellicott City, MD 21043

Physical Location

8930 Stanford Boulevard
Columbia, MD 21045

Phone: 410-313-2033

Retirement Plan Summaries

[General/Correctional Employees Plan](#)

[Police and Fire Plan](#)

[Deferred Retirement Option Plan \(DROP\)](#) for Police and Fire

[Retiree Health Insurance Summary](#)

2016 Retiree Health Insurance Rates:

- [Retirees under 65](#)
- [Retirees over 65](#)
- [Dental](#)

Found in the
Human
Resources
section on the
County Website.

AS YOU APPROACH RETIREMENT



- **Contact Howard County Retirement personnel to request a current estimate of your Retirement Plan benefit. (Estimates will be provided only within 12 months of retirement.)**
- **Depending on your age, contact the local Social Security Office (or go to www.ssa.gov) for information on Social Security and Medicare benefits.**
- **Make an appointment with the Nationwide Retirement Specialist to discuss options for deferred compensation money.**

QUESTIONS?

